

Message Text

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44

ACTION NEA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 EB-11 COME-00 TRSE-00 OMB-01

CIEP-02 CEA-02 INT-08 SCEM-02 SCI-06 STR-08 DRC-01

/164 W

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R 191255Z NOV 73

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 4529

INFO AMEMBASSY ANKARA

AMEMBASSY ISLAMABAD

AMEMBASSY KABUL

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E.O. 11652: N/A

TAGS: IR, PK, EIND, ETRD

SUBJ: IRAN/PAKISTAN ECONOMIC COOPERATION

1. PROTOCOL SIGNED BY IRANIAN AND PAKISTANI REPRESENTATIVES ON NOVEMBER 16 IN ISLAMABAD FOLLOWING FIRST MEETING OF JOINT MINISTERIAL COMMISSION APPEARS TO BE ASSIGNED CONSIDERABLE IMPORTANCE BY GOI. SEMI-OFFICIAL KAYHAN INTERNATIONAL, WHILE NOTING THAT PROTOCOL MUST BE FOLLOWED BY FORMAL AGREEMENT AND APPROVED BY PARLIAMENT, TERMS IT "ONE OF THE FINEST ECONOMIC DOCUMENTS IRAN HAS EVER SIGNED WITH A FRIENDLY COUNTRY."

2. ACCORDING TO OFFICIAL PRESS RELEASE, IRAN AGREED TO PARTICIPATE IN ESTABLISHMENT IN PAKISTAN OF (1) 100,000 SPINDLE TEXTILE PLANT WITH WEAVING AND FINISHING EQUIPMENT, (2) CEMENT FACTORY IN BALUCHISTAN WITH 1,000 TON DAILY CAPACITY, AND (3) "LARGE-SCALE" AGRO-INDUSTRY COMPLEX FOR PROCESSING OF MEAT AND OTHER ANIMAL PRODUCTS FOR CONSUMPTION IN BOTH COUNTRIES. PAKISTAN WILL TAKE PART

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IN JOINT VENTURE FOR SYNTHETIC RUBBER PRODUCTION IN IRAN AND

ASSIST IN INVESTIGATING POSSIBLE JUTE CULTIVATION AND PROCESSING IN IRAN. PAKISTAN ALSO INDICATED DESIRE TO PARTICIPATE IN SETTING UP OIL REFINERY IN IRAN FOR EXPORT OF PRODUCTS TO PAKISTAN. TWO SIDES FURTHER DECIDED TO NEGOTIATE LONG-TERM TRADE AGREEMENT TO ENCOURAGE MORE BI-LATERAL TRADE. PROTOCOL IN ADDITION INCLUDED PROVISIONS FOR STEPPED UP TECHNICAL COOPERATION BETWEEN THE TWO COUNTRIES AND FOR IRANIAN COOPERATION IN SETTING UP ENGINEERING AND MEDICAL COLLEGES IN PAKISTAN.

3. PROTOCOL DESCRIBES IMPLEMENTATION OF JOINT VENTURES AS "NATIONAL PROJECTS" BY PUBLIC SECTORS OF BOTH COUNTRIES. PRODUCTS OF JOINT VENTURES SHOULD BE IMPORTED INTO EACH COUNTRY FREE OF ALL DUTIES BUT "WITH DUE REGARD" TO TWO COUNTRIES' "INTERNATIONAL OBLIGATIONS." GOI AGREED TO SUPPLY PAKISTAN CREDIT FOR PURCHASE OF MACHINERY AND EQUIPMENT. AMOUNT AND TERMS WOULD BE WORKED OUT BETWEEN TWO SIDES AT ANOTHER MEETING TO BE SCHEDULED SOON.

4. COMMENT: GOI DESIRE TO AUGMENT ECONOMIC TIES WITH RCD PARTNERS, PAKISTAN AND TURKEY, IN PAST HAS LED TO ONLY MEAGER SUBSTANTIVE ACCOMPLISHMENTS. TOTAL NON-OIL TRADE WITH PAKISTAN HAS YET TO REACH \$10 MILLION LEVEL. ONLY JOINT MANUFACTURING VENTURE IN IRAN OF WHICH EMBASSY IS AWARE IS IRANIAN ALUMINUM COMPANY, FIVE PERCENT OF WHICH OWNED BY PAKISTAN (TEHRAN A-162). GIVEN NON-COMPLEMENTARY STATUS OF TWO COUNTRIES' ECONOMIES, PROGRESS TOWARDS ESTABLISHING GENUINE ECONOMIC INTERDEPENDENCE WILL CONTINUE TO BE SLOW AND WILL REQUIRE CONCERTED EFFORT OF BOTH GOVERNMENTS.

HELMS

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